This flash report is unaudited and the translation of the Japanese language version.

Flash Report for the Fiscal Year Ended May 31, 2004 (Non-consolidated)

June 29, 2004

Name of the Company Oracle Corporation Japan Listed Stock Exchange: Tokyo
Ticker 4716 Head office location: Tokyo
(URL http://www.oracle.co.jp/corp/index.html)
Representative personal Masaaki Shintaku, President and Chief Executive Officer
Contact & responsible personal Shigeru Nosaka, Director, Executive Vice President & CFO
TEL (03) 5213 - 6666

Date of the board meeting for this release: June 29, 2004
Schedule for general shareholders meeting: August 25, 2004
Name of the parent company: Oracle Corporation(U.S.)
Interim dividends payment system: Yes
Tangenkabu (trading unit of shares): Yes (1unit=100shares)
Parent company's shareholding of the company: 74.2%

1.Business results for this term (from June 1, 2003 to May 31, 2004)

(1) Operating Results

	Revenues		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
May 2004	82,858	△ 3.9	27,723	7.3	27,784	7.5
May 2003	86,249	△ 0.1	25,844	△ 16.7	25,848	△ 16.9

	Net Income		EPS	EPS after adjustment for potential shares	ROE	ROA	Ordinary Income Margin
	Million Yen	%	Yen Sen	Yen Sen	%	%	%
May 2004	16,032	14.8	125.20	125.07	20.0	25.0	33.5
May 2003	13,963	△ 20.8	108.96	108.96	17.3	23.6	30.0

Note:
(i) Investment profit(loss) on equity method May 2004: Not Applicable May 2003: Not Applicable
(ii) Average number of shares during the term May 2004: 127,341,835 May 2003: 127,933,152
(iii) Change in accounting method: applicable
(iv) Percentage of revenues operating income, ordinary income and net income indicate changes from the previous term.

(2) Dividends

	Annual dividend per share	Interim	Term end	Total amount of dividends (annual)	Dividends payout ratio	Dividend ratio to shareholders' equity
	Yen Sen	Yen Sen	Yen Sen	Million Yen	%	%
May 2004	125.00	35.00	90.00	15,886	99.8	19.9
May 2003	110.00	35.00	75.00	14,036	101.0	17.5

(3) Financial Position

	Total Assets	Shareholders' Equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million Yen	Million Yen	%	Yen Sen
May 2004	111,984	79,666	71.1	626.81
May 2003	110,233	80,340	72.9	630.18

Note:
(i) Average number of shares during the term May 2004: 126,955,617 May 2003: 127,450,546
(ii) Treasury stock at term end May 2004: 1,239,045 May 2003: 744,116

(4) Cash Flows

	Cash flow from business activities	Cash flow from investment activities	Cash flow from financial activities	Balance of cash & cash equivalents at the term end
	Million Yen	Million Yen	Million Yen	Million Yen
May 2004	19,787	△ 9,902	△ 16,985	27,569
May 2003	14,138	△ 40,667	△ 14,797	34,669

2. Forecast for the May 2005 term (from June 1, 2004 to May 31, 2005)

	Revenues	Ordinary Income	Net Income	Annual dividends per share Interim	Term end	
	Million Yen	Million Yen	Million Yen	Yen Sen	Yen Sen	Yen Sen
Interim	40,100	12,700	7,500	60.00	ー	ー
Entire term	87,800	30,000	17,700	ー	80.00	140.00

(Reference) Estimated EPS for the term 139Yen 42Sen

Caution: Above forecast is based on the information available at a time of issuance of this report, and the actual result may change by various reasons. Please refer to the 8 to 9 pages of attached document for using the forecast.

Attachment

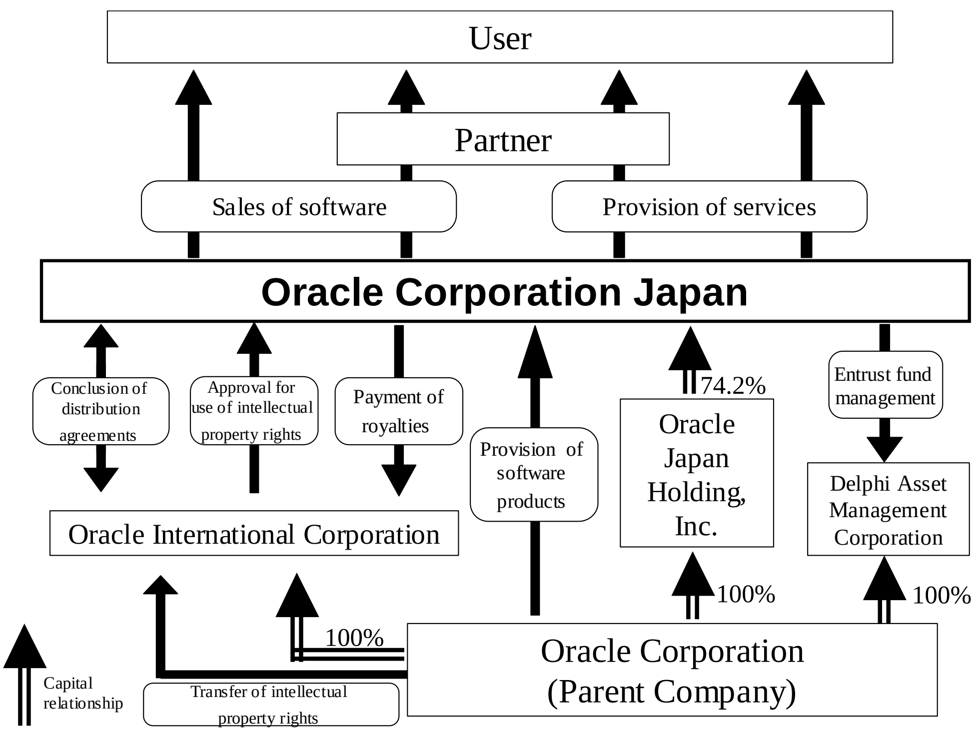
1. Current Status of the Company Group

Our Company's parent company is essentially Oracle Corporation of the United States, which indirectly holds 74.2% of our issued stock, and our Company is part of the group that is headed by Oracle Corporation. In various parts of the world the group sells software products including relational database management systems and business applications, as well as a range of systems using the software products and software products for application development and management. The group also provides an array of services to support users of these software products.

Moreover, Oracle International Corporation is a subsidiary company wholly financed by Oracle Corporation. Oracle Corporation transfers intellectual property rights pertaining to the software and other products it owns to Oracle International Corporation and Oracle International Corporation holds and manages these intellectual property rights, concludes distribution agreements with Oracle Corporation's subsidiaries including our Company and authorizes license use. Meanwhile, Delphi Asset Management Corporation is also a 100% subsidiary of Oracle Corporation, and is in charge of the operation and management of funds owned by Oracle Corporation and its subsidiaries. Last fiscal year, our company concluded investment advisory agreement with Delphi Asset Management Corporation, and has been investing its surplus fund to the securities that satisfy the company's investment policy while maintaining safety and adequate liquidity.

Research and development of software products is primarily carried out under the leadership of Oracle Corporation. However, our company participates in new development initiatives from the onset and has played an important role in developing products suited to the Japanese market in close cooperation with Oracle Corporation. We have also taken a leading role in developing some of the products, such as human resource modules with specifications suited to Japan. Our Company makes use of its knowledge and expertise with respect to Japanese market features and has been selling software products thus developed in Japan and providing services to support users.

(Business relations diagram)



In June 2000 we established Miracle Linux Corporation, which specializes in the development and sale of Linux operating systems. Miracle Linux was set up as our subsidiary in a joint venture with leading domestic companies in a number of different fields (we hold a 58.5% stake). However, we have not prepared a consolidated balance sheet for the term, since the subsidiary's assets and sales are insignificant for the time being and their exclusion would not prevent a rational judgment on our financial status and business achievements. The subsidiary has also been excluded from the above business relations diagram.

2. Business Policies

a) Our basic business policies

We believe that the basic concept for our Company is "to maximize the value of data to the point that they are regarded as intelligence, and to build an affluent information society." Our corporate mission is to offer diverse means to turn data into "intelligence," which refers to valuable knowledge and processes that can be used effectively in the global information society, instead of handling them as mere data.

Moreover, we have promoted corporate activities designed to make our Company an "IT corporation that is the most highly trusted by our customers," under the following three basic business policies:

(1) Our Company will offer products and services that can enhance the productivity of our customers and help develop the Japanese economy.

(2) Our Company will strive for the overall development of the IT industry in Japan, together with our partners.

(3) Our Company will train IT engineers able to assume leading roles globally, through the Oracle Master and other systems.

We understand that these efforts will enable our Company to continuously enhance its corporate value and to offer benefits to our shareholders.

b) Basic policies on income distribution

Our Company recognizes that one of its most important business missions is to continuously offer our shareholders dividends at a high level, by enhancing corporate value. We will continue to distribute to all shareholders the profits from our periodic income as dividends while considering the retention of earnings for the management of the company.

The dividend per share at the term end for this term is expected to increase 15 yen from the previous term to 90 yen. Combined with the interim dividend (35 yen), the annual dividend per share is expected to increase 15 yen from the previous term to 125 yen.

In addition, we have implemented flexible capital measures to respond to the changing business environment, and a resolution approved at the 18th General Shareholders' Meeting held on August 21, 2003 enabled us to acquire 1.1 million shares of our Company's common stock at a maximum total purchase price of 7 billion yen. Based on this resolution, we had acquired 492,500 shares of our stocks by May 31, 2004 (0.4% of outstanding shares, at a purchase price totaling 2,932 million yen). Including the shares purchased previous year, the amount is 1,229,300 shares (1.0% of outstanding shares, at a purchase price totaling 5,556 million yen).

c) Perspectives and policies concerning reducing minimum investment unit

We recognize that lowering the stock investment unit is an effective means of increasing the liquidity of shares with the aim of further expanding our investor base. Our approach is to lower the investment unit as appropriate if deemed necessary in view of our results, share price movements, market conditions and other factors. However, we have yet to decide on the exact nature or timing of such action.

d) Targeted business indices

In December 2002, our Company announced the “Oracle Japan Innovation 2003,” which is our mid-term business plan. During the May 2006 term, which is the final fiscal year for the plan, we aim to attain sales of at least 100 billion yen and an operating profit margin of at least 30% in the plan.

Our Company sells software and provides services, and does not own manufacturing facilities. As such, there is no connection between the scale of our business and our assets. Therefore, we have made the operating profit margin the index for management.

e) Mid- to long-term business strategies and issues to address

Outline of “Oracle Japan Innovation 2003,” which is our mid-term business plan is the following.

I. Business process reform for profit improvement:

(1) Innovation in business structure such as the introduction of “OracleDirect”, as well as provision of supportive measures for sales partners and independent software vendors (ISV) by way of OPN (Oracle Partner Network);

(2) Reform of the business structure of the Consulting Service Division;

(3) Provision of supportive measures to Japanese companies that are developing their businesses in Asia centering on China; and

(4) Improvement of the efficiency in business processes by outsourcing of services to the Shared Service Center.

II. Development of sales and marketing activities to maximize product value:

(1) Continuation of sales promotion activities for database software;

(2) Stronger emphasis on sales of application server software;

(3) Development of products and solutions for further expansion of the share in the Linux market; and

(4) Development of outsourcing business “Oracle on Demand”.

In the second year of the mid-term business plan “Oracle Japan Innovation 2003”, which is under way since the May 2004 term, the Company aims to increase the corporate value both for the Company and for the shareholders. In order to get the innovation firmly established in the Company as well as to develop our businesses. we will expand our business coverage and its partner businesses. As a part of these measures, the Company is in the process of restructuring its businesses under the organizational reform announced as of June 1, 2004.

f) Basic concepts for corporate governance and implementation

(Basic concepts for corporate governance)

Our Company has established organizations and systems to implement sufficient corporate governance measures so that we can fulfill our responsibilities to shareholders, in a way that complies with the laws and regulations of Japan and the corporate governance policies of U.S. Oracle Corporation, our parent company. In November 2000, we also abolished retirement gratuities to Directors.

The Company has also ensured that our employees are thoroughly familiar with the “Oracle Code of Ethics and Business Conduct (Oracle Code)”, which apply globally to the Oracle Group. The Oracle Code provides the basic guidelines for our daily business activities. The original text of the Oracle Code (in English) is published on the Website of our parent company, Oracle Corporation.

(Implementation of corporate governance measures)

(1) Administrative organizations engaged in business decision-making, implementation and monitoring, and other systems for implementation of corporate governance measures

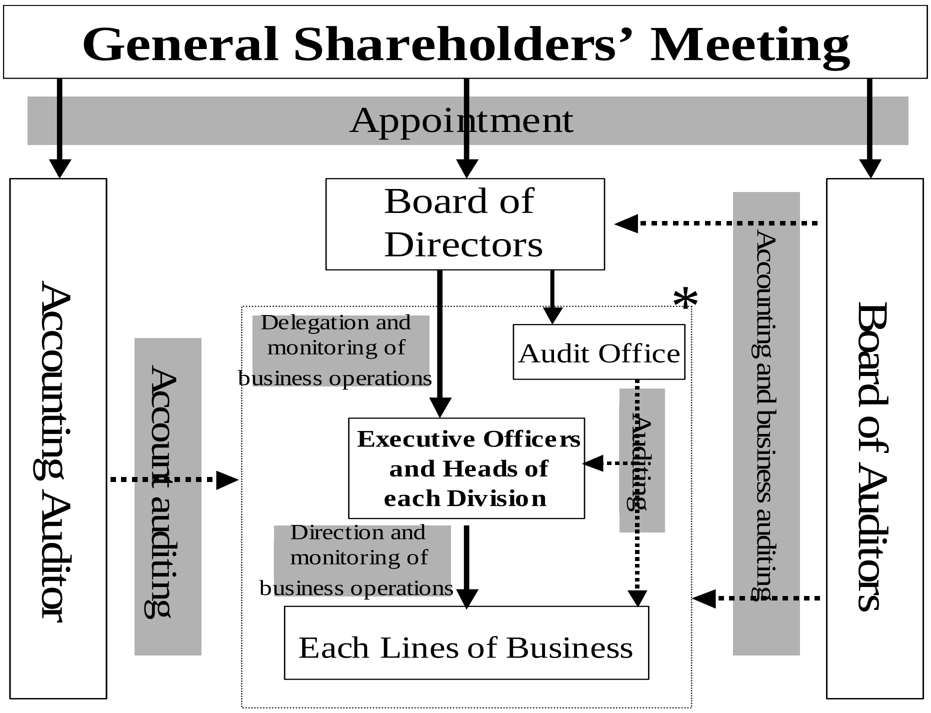
Our Company has adopted the auditing system. Since August 2000, we have also adopted the Executive officer system, to separate the Board of Directors, which is an organization for business decision-making and monitoring of business activities, from the executive functions of Executive Officers. In this way, we have maintained transparency in our business administration and the capability to promptly coping with the changing business environment. In addition, we increased the number of the executive officers from 11 to 14 on the personnel reshuffle on June 1, 2004, enhancing the Executive officer system mainly on industry sales divisions.

Our Company has seven Directors, of whom three are outside Directors (As of June 29, 2004). There are four Auditors, of whom two are outside Auditors. Our outside Directors belong to our Appointment Committee and Remuneration Committee, so that they can monitor the appropriateness of Director and Executive Officer appointments, as well as of remuneration.

Shin Nihon & Co. (Member firm of Ernst and Young) is our accounting auditor, and has audited our accounts semiannually and annually based on the Auditing Agreement. There is no special interest to mention between the accounting auditor and our Company. We have sought advice from attorneys and other professionals as necessary in the course of business administration and daily business activities.

We have an Audit Office, which is an in-house auditing division ("Audit Office" was replaced by "Management Audit Office" as of June 1, 2004.) under the direct management of the President, and responsible for auditing legal compliance, along with the appropriateness and efficiency of our daily business activities.

The following diagram describes our corporate governance organization.



* "Audit Office" was replaced by "Management Audit Office" as of June 1, 2004.

(2) Outline of personal relationships, capital relationships, transactions and other interests between the Company and outside Directors and Auditors

There are 3 outside Directors at our Company. Mr. Jeffrey O. Henley is Chairman and Chief Financial Officer of Oracle Corporation, our parent company. Mr. Derek H. Williams is Executive

Vice President of Oracle Corporation, supervising the Asia-Pacific operation of the Oracle Group. Mr. John L. Hall is Senior Vice President of Oracle Corporation, Oracle University.

Our Company is the agent in Japan for products developed by our parent company, and is responsible for supplying those products to the Japanese market. The parent company provides us with its products, and in return we pay a royalty at a set percentage of sales.

There are two outside Auditors at our Company. Ms. Makiko Nakamori is a certified public accountant and Ms. Yoriko Noma is an attorney. There is no capital, personnel or technical relationship, transaction or other interest between our Company and the corporations that the outside Auditors represent or belong to.

(3) Status of the Company's corporate governance efforts in the most recent one year period (the one year period prior to the closing of the latest fiscal year)

In principle, our Board of Directors meets every month, with outside Directors and Auditors participating to carefully observe the Directors. The Board of Directors met 15 times and the Board of Auditors met 6 times during the May 2004 term.

The Audit Office conducted in-house audits of business operations, including the information management systems at each Division.

g) Basic policies on relations with affiliates (parent company and others)

Our Company has concluded a Sales Agency Agreement with Oracle International Corporation (a 100% subsidiary of Oracle Corporation), which is in charge of preserving and managing the intellectual property of Oracle Corporation, our parent company. Based on the Sales Agency Agreement, we are provided with products developed by our parent company as the sole agent in Japan, with the responsibility of supplying those products to the Japanese market, and we pay royalties at a set percentage based on the sales of these products to Oracle International Corporation. Meanwhile, Delphi Asset Management Corporation is also a 100% subsidiary of Oracle Corporation, and is in charge of the operation and management of funds owned by Oracle Corporation and its subsidiaries. Last fiscal year, our company concluded investment advisory agreement with Delphi Asset Management Corporation, and has been investing its surplus fund to the securities that satisfy the company's investment policy while maintaining safety and adequate liquidity.

We will maintain close ties with Oracle Corporation, including cooperation in product development, so that we can maintain and bolster our ability to respond in advance to demand for highly intelligent products and services for corporations, government organizations and other customers in Japan.

3. Business outcomes and financial situation

a. Business outcomes

During the period under review, Japan's economy has been gradually showing signs of recovery driven by exports and capital investments to the level that we can feel steady steps of business recovery, stimulated by the improvement of corporate profit due to restructuring of businesses made by enterprises and the upturn of global economy.

The Company promoted restructuring of its businesses, innovation of business organization, and efficiency of business processes under the mid-term business plan "Oracle Japan Innovation 2003", which started in the previous term. This plan has been successfully pursued particularly in respect of the reforms in the consulting businesses focusing on profit ratio instead of revenue growth.

As we can see the direction of the current economic recovery, the recovery of the demand for database products, which are major offering of the Company lead the increase in the sales of the database technologies, stimulated in part by the release of the new product, "Oracle Database 10*g*". In December 2003, the Company held "OracleWorld Tokyo", one of the biggest private trade shows in IT industry, where the Company brought together and introduced its products and services, including "Oracle Database 10*g*".

As a result, the company achieved sales at almost same as previous year, ¥82,858million (down ¥3,391million or 3.9%, from the previous year), ordinary income at ¥27,784 million (up ¥1,935 million, or 7.5%, from the previous year), and net income at ¥16,032million (up ¥2,068million, or 14.8%, from the previous year). Also, Software Product Revenue (Software Product with Support Service Revenue related to Software Product) is ¥71,218million (up ¥2,649million, or 3.9%, from the previous year).

The result of each business segment is as follows.

[Software Products]

Database Technology

In this segment, the sales of the database products of the Company recovered due to the increase in demand for those products stimulated by the recovery of business results of enterprises. For the products for large-scale systems, demand raised in relation to the transition from the general-purpose host computers called "system integration" or "mainframe" to the open-system networks, while for medium to small-scale systems, the increase in demand was driven by the enterprises showing successful business results. Also, "Oracle Direct", an online center for enabling direct communication with customers utilizing the phone and the Internet, has made contribution to more and more business transactions, showing steady results.

In March 2004, the Company announced its new pricing strategy for the new database product "Oracle Database 10*g*", for which the Company had continued marketing activities for the release in the Japanese market. This pricing strategy stipulates a new pricing corresponding to various needs of enterprises in respect of their information systems. This pricing covers "Oracle Database 10*g* Enterprise Edition" for large-scale systems as its center, and "Oracle Database 10*g* Standard Edition" and "Oracle Standard Edition One" for relatively small-scale systems. It is expected that this new pricing will revitalize the Linux market and also strengthen the competitiveness of the Company in the Windows market.

Since the launch of "Oracle Database 10*g*" in April 2004, the Company has received a lot of inquiries from the client companies, and the demand for RAC(Note 1) that enables "grid computing" (Note 2), which is the outstanding feature of this new product, has been increasing.

As a result, sales in the Database Technology Division were ¥37,282million (up ¥2,630million or 7.6 % from the previous period).

(Note 1) Real Application Clusters: RAC is an optional function of the database software of the Company. The function of RAC is to disperse loads and to eliminate system outages during system failure by sharing one database with several servers. The function also provides an expansion of the system according to an increase in the loads or the businesses without system outage. RAC is a new-generation cluster system realizing both high applicability and scalability, and constitutes the very basic technology that supports the enterprise grid computing, with high reliability and user-friendliness.

(Note 2) "Grid computing" generally indicates a form of networking that connects several computers for realizing high-speed and large-volume information processing by creating a virtual high-performance computer. In this context, "grid computing" indicates the "enterprise grid" proposed by Oracle in "OracleWorld" trade show held in San Francisco in September 2003. The feature of the "enterprise grid" is to utilize the existing computer resources to the maximum extent. The computer resources within a stand-alone machine are inevitably used in a biased manner, and therefore, the overall performance of the existing systems within a network can be improved if the unused system resources are accumulated and properly allocated to each system as necessary. Oracle's enterprise gird computing enables this type of grid computing.

Business Applications

This division offers “Oracle E-Business Suite”, a type of software that facilitates quick management decision and improved operating efficiency of the client companies’ general operation.

This division continued to address the sales of “E-Business Suite 11*i*”, the business application that facilitates quick management judgment and improved operating efficiency in all core corporate functions of corporate activity. During the period under review, orders for large-scale projects decreased, reflecting the prudent investment attitudes of the client companies that currently places great importance on the return on investment (ROI), although those client companies are willing or eager to improve their business management by introducing new systems.

As a result, sales in the Business Application Division were ¥ 2, 835million (down ¥ 3,101 million or 52.2% from the previous period).

Consequently, sales in the Software Products Segment that includes Database Technology Division and Business Application Division was ¥40,117 million (down ¥471 million or 1.2% from the previous period).

[Service]

Support Services

This division provides to client companies with, in addition to the ordinary product support services, wide range of technical support pertaining to system construction and operation, more specifically by providing technical information for enabling prevention or avoidance of potential problems in an active manner as well as by providing highly value-added services corresponding to the specific needs of each client company.

In the period under review, the sales of this division showed steady progress, thanks to the increase in the sales of Database Technology Division as well as to the fact that the contract rate was maintain at a high level due to the demand of the client companies for reliable operation of systems. The Company started the provision of “Oracle on Demand” (former “Oracle Outsourcing”) services in March 2003, providing 24-hour/365-day remote monitoring of the systems of client companies to prevent system failure and to provide quick response in case of failure. Now the Oracle on Demand service has sufficient support system to meet the demand of client companies, and has shown good results in a steady manner.

As a result, sales in the Support Services Division reached ¥31,807 million, up ¥3,359million or 11.8% over the previous period. Revenue from software update, ¥21,337 million, up ¥2,123 million or 11.1% over the previous period, is included above.

Education Services

The company has been providing qualification and training services to partner companies and clients. One of the certified qualifications, “Oracle Master”, is for the company’s database products and is a highly regarded technical qualification. Another certified qualification is “Oracle Certified Consultant”, which is for the company’s business application products.

During the period under review, the Company revised “Oracle Master” in October 2003, an Oracle’s technical certification program, to correspond to “Oracle Certified Program (OCP)” which is promoted on a global basis. This revision is expected to give global job opportunities for the certified engineers and to reduce the costs borne by the Company in the long run by the improvement of infrastructures.

At the end of this period, 115,000 people (up 22,000 from the previous period) had obtained the “Oracle Master” certification, the technical certification for our database products, while those who were awarded “Oracle Certified Consultant”, the technical certification for our business application products, reached about 6,300, up 800 from the previous period.

However, due to the severe economic conditions, the customers reduced their training spending, which affected the sales in the Education Services Division, and its sales reached ¥ 2,716 million (down ¥ 947 million or 25.9 % from the previous year).

Consulting Service

This division provides technology and operation consulting, such as installation planning, system design development and system operation, what is more, industry solution for customers of each industry when the database technology products and the business application products are installed at the client's site. During the period under review, the Company proceeded with the reform of the business organization for consulting services, under the mid-term plan "Oracle Japan Innovation 2003". The reform placing emphasis on the profit ratio has been successfully pursued, and the center of the consulting services has shifted from large-scale project initiated by the Company to the services aiming at the support of software products.

As a result, sales in the Consulting Services Division was ¥8,216 million yen (down ¥5,331 million or 39.4 % from the previous period).

And, sales of the Service Segment reached ¥42,740 million yen (down ¥2,920 million or 6.4% from the previous period).

The following table lists the sales by division.

Category		Previous fiscal year ended May 2003		Current fiscal year ended May 2004		
		Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Increase (Decrease) from previous year (%)
	Database Technology	34,652	40.2	37,282	45.0	7.6
	Business Applications	5,936	6.9	2,835	3.4	(52.2)
Software Products		40,589	47.1	40,117	48.4	(1.2)
	Support Services	28,448	33.0	31,807	38.4	11.8
	Education Services	3,664	4.2	2,716	3.3	(25.9)
	Consulting Services	13,548	15.7	8,216	9.9	(39.4)
Service		45,660	52.9	42,740	51.6	(6.4)
Total		86,249	100.0	82,858	100.0	(3.9)

*Revenue from software update is included Support Service revenue, previous fiscal year 19,213million yen and current fiscal year 21,337 million yen respectively.

With respect to dividends, we intend to distribute an amount per share that is equivalent to net income for the term, based on our policies for profit sharing. The dividend per share at the term end is expected to increase 15 yen from the previous term to 90 yen. Combined with the interim dividend (35 yen), the annual dividend per share is expected to increase 15 yen from the previous term to 125 yen.

Estimated business outcomes for the May 2005 term

The recovery trend of the Japanese economy is expected to continue, in view of the continued favorable performance of capital investments and exports as well as the steady performance of consumer spending.

During the May 2005 term, the Company is determined to expand our business coverage and promote our partner businesses, in order to realize firm establishment of "Oracle Japan Innovation 2003", our mid-term business plan, in the Company and the development of businesses. As a part of the strategies for implementing the above, the Company has implemented restructuring of its businesses under the organizational reform announced on June 1, 2004.

As measures to expand our business coverage, we will

(1) restructure our organization in accordance with each industry, promote integration with the consulting functions, and strengthen our capacity to make proposals of solutions,

(2) strengthen the cross-industry organization to meet various needs of the client companies including the small to medium sized companies, and

(3) establish the “Business-on-Demand Development” Office to actively make proposals for on-demand services.

The Company will, in cooperation with our partner companies,

(1) expand the business opportunities and uses of “Oracle 10*g*”, the main offering of the Company, and other software products,

(2) promote the strengthened product lineup (strengthened by adding lower-cost products and others), and

(3) focus on increasing its share in the market of each product field, and especially we will focus on maintaining and further increasing our top share in the field of database products.

The Company will further reduce costs by the integration of operations supporting the above core businesses and establish corporate governance. During the May 2005 term, we aim to increase our sales by the synergistic effect of the above strategies, to become an integrated information company.

Based on the above, we have derived the following estimates for our business outcomes in the May 2005 term: sales of 87,800 million yen (up 6.0%, or 4,941 million yen from the same term in the previous year); ordinary income of 30,000 million yen (up 8.0%, or 2,215 million yen); net income for the term of 17,700 million yen (up 10.4%, or 1,667million yen); and net income for the term per share of 139.42 yen.

The estimated annual dividend per share is expected to increase by 15 yen from the previous term, to 140 yen (consisting of a 60 yen interim dividend and a 80 yen term-end dividend) based on our policy on profit sharing, assuming that the above operating results are achieved.

Cautious Statements for the forecast

Statements in this document with respect to Oracle Corporation Japan (OCJ)'s current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of OCJ. These statements are based on OCJ's assumptions and beliefs in light of the information currently available to it. OCJ cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those forward-looking statements.

b. Financial situation

The total assets of our Company at the end of the term stood at 111,984 million yen (up 1,750 million yen from the end of the previous term).

Net assets totaled 79,666 million yen, down 674 million yen from the end of last term. The decrease was the result of an increase in treasury stock to 5,616 million yen, in response to a resolution adopted at the General Shareholders' Meeting held on August 21, 2003 to promote the acquisition of treasury stocks. This offset an increase in profit surpluses.

The cash flow situations for the term are as follows:

(Cash flow from operating activities)

Cash generated by operating activities was 19,787 million yen (up 5,649 million yen from the previous term), a figure that primarily reflects the decrease in pretax income for the term (27,715 million yen, up 3,625 million yen from the previous term) and the decrease in sales credits amounting 4,254 million yen (the increase amounting 2,202 million yen in the previous term).

(Cash flow from investment activities)

Cash spent on investment activities stood at 9,902 million yen (down 30,765 million yen from the previous term), mainly involving the acquisition of marketable securities.

(Cash flow from financial activities)

Cash spent on financial activities stood at 16,985 million yen (up 2,188million yen from the previous term), mainly on the payment of dividends and the acquisition of treasury stocks.

In total, cash and equivalents at term end decreased 7,100 million yen from the end of the previous term, to 27,569 million yen.

The trends with cash flow indices for our Company are as follows:

	May 2003 term	May 2004 term
Capital ratio based on market prices	447.5%	608.8%
Capital ratio	72.9%	71.1%

(Notes) Capital ratio: Net assets/ Total assets

Capital ratio based on market prices:

Market capitalization of the company / Total assets

4.Financial Documents

(1) Balance Sheet

(Unit: million yen)

Term / Item	Previous term end (as of May 31, 2003) Amount	Ratio	Current term end (as of May 31, 2004) Amount	Ratio	Changes Amount
(Assets)		%		%	
I Current assets					
1. Cash and deposits	34,669		27,569		-7,100
2. Notes receivable	8		3		-5
3. Accounts receivable	16,806		12,556		-4,249
4. Marketable securities	50,508		64,021		13,512
5. Merchandise	29		2		-26
6. Prepaid expenses	384		289		-94
7. Deferred tax assets	1,601		1,519		-82
8. Accrued revenue	392		429		37
9. Others	59		17		-41
10. Allowance for uncollectible receivables	-21		-23		-2
Total current assets	104,439	94.7	106,386	95.0	1,946
II Fixed assets					
1. Property and equipment *1					
(1) Buildings, structures and equipment	421		457		36
(2) Furniture and fixtures	725		741		16
Total property and equipment	1,147	1.0	1,199	1.1	52
2. Intangible fixed assets					
(1) Software	24		18		-6
(2) Others	29		29		-0
Total intangible fixed assets	54	0.1	47	0.0	-6
3. Investments and other assets					
(1) Investments in securities	485		1,068		583
(2) Shares in affiliated companies	33		33		—
(3) Deferred tax assets	746		495		-250
(4) Deposit money paid	3,306		2,704		-602
(5) Bankruptcy and reorganization claim	20		21		0
(6) Others	20		59		39
(7) Allowance for uncollectible receivables	-20		-31		-10
Total investments and other assets	4,592	4.2	4,351	3.9	-241
Total fixed assets	5,793	5.3	5,598	5.0	-195
Total assets	110,233	100.0	111,984	100.0	1,750
(Liabilities)					
I Current liabilities					
1. Accounts payable	8,911		7,207		-1,703
2. Accrued amount payable	3,203		6,306		3,102
3. Accrued expenses	1,202		463		-739
4. Accrued corporate tax, etc	4,069		6,213		2,144
5. Accrued consumption tax, etc.	932		727		-205
6. Advances by customers	9,106		9,737		631
7. Deposits payable	1,399		885		-514
8. Allowance for bonus payable	1,067		776		-290
9. Others	0		—		-0
Total current liabilities	29,892	27.1	32,317	28.9	2,424
Total liabilities	29,892	27.1	32,317	28.9	2,424
(Shareholders' equity)					
I Capital stock *2	22,131	20.1	22,131	19.8	—
II Capital surplus reserve					
1. Capital reserve	33,569		33,569		—
2. Other capital reserve	—		2		2
Gain on disposition of treasury stock	—		2		2
Total capital surplus reserve	33,569	30.5	33,571	30.0	2
III Earned surplus					
1. Legal reserve of retained earnings	3,212		3,212		—
2. Voluntary reserves	150		121		-29
Reserve for special depreciation	150		121		-29
3. Inappropriate retained earnings at the end of the term	23,895		25,913		2,017
Total earned surplus	27,259	24.7	29,247	26.0	1,988
IV Appraisal loss and gain from other securities	49	0.0	332	0.3	282
V Treasury stock *3	-2,668	-2.4	-5,616	-5.0	-2,947
Total shareholders' equity	80,340	72.9	79,666	71.1	-674
Total liabilities and shareholders' equity	110,233	100.0	111,984	100.0	1,750

(2)Statement of Income

(Unit: million Yen)

Term / Item			Previous Term (From June 1, 2002 to May 31, 2003)		Current Term (From June 1, 2003 to May 31, 2004)		Change
			Amount	Ratio	Amount	Ratio	Amount
				%		%	
I	Revenues		86,249	100.0	82,858	100.0	-3,391
II	Cost of sales		40,628	47.1	35,515	42.9	-5,112
	Gross Profit		45,621	52.9	47,343	57.1	1,721
III	Selling general and administrative expenses		19,777	22.9	19,619	23.6	-157
	Operating income		25,844	30.0	27,723	33.5	1,879
IV	Non-operating income						
	1. Interest Received		3		1		-1
	2. Interest on securities		1		9		8
	3. Refund of travel expenses		22		23		1
	4. Insurance dividend		26		26		0
	5. Others		50		32		-18
	Total Non-Operating Income		104	0.1	94	0.0	-9
V	Non-Operating Loss						
	1. Interest	*1	14		14		0
	2. Foreign exchange loss		35		—		-35
	3. Loss on securities sold		18		—		-18
	4. Additions to tax		19		—		-19
	5. Others		12		19		6
	Total Non-Operating Loss		99	0.1	33	0.0	-65
	Ordinary Income		25,848	30.0	27,784	33.5	1,935
VI	Extraordinary Income						
	1. Income from returned allowance for uncollectible receivables		111		—		-111
	2. Gain on sales of invested securities		173		—		-173
	3. Others		0		—		-0
	Total Extraordinary Income		285	0.3	—	—	-285
VII	Extraordinary Loss						
	1. Loss on expenses for special retirement program	*3	1,542		—		-1,542
	2. Loss on expenses for office consolidation	*4	207		49		-158
	3. Loss on disposition and retirement of fixed assets	*2	191		1		-189
	4. Loss on disposition of invested securities		78		15		-63
	5. Loss on appraisal of stocks of affiliated companies		22		—		-22
	6. Loss on appraisal of golf-club membership		1		—		-1
	7. Others		—		2		2
	Total Extraordinary Loss		2,043	2.4	68	0.1	-1,975
	Net Income before Tax		24,090	27.9	27,715	33.4	3,625
	Income tax expense-Current		10,505	12.2	11,544	13.9	1,038
	Income tax expense-Deferred		-379	-0.5	139	0.2	518
	Net Income		13,963	16.2	16,032	19.3	2,068
	Profits carried over from the previous term		14,409		14,341		-67
	Interim Dividends		4,477		4,460		-17
	Current unappropriated income		23,895		25,913		2,017

(3) Statement of Cash Flows

(Unit: million yen)

Term / Item	Previous Term (From June 1, 2002 to May 31, 2003)	Current term (From June 1, 2003 to May 31, 2004)	Change
	Amount	Amount	Amount
I. Cash flow from business activities			
Net profit for the term before tax	24,090	27,715	3,625
Depreciation	561	487	-73
Increase/decrease of allowance for uncollectible receivables (Decrease: -)	-113	2	116
Increase/decrease of allowance for bonus payable (Decrease: -)	317	-290	-608
Interest and dividends received	-6	-13	-7
Amount paid for interest	14	14	0
Loss on sales of marketable securities	18	—	-18
Loss on redmption of marketable securities	2	—	-2
Loss on expenses for special retirement program	1,542	—	-1,542
Loss on appraisal of golf club membership	1	—	-1
Loss on appraisal of invested securities	78	15	-63
Gain on sales of invested securities	-173	—	173
Loss on appraisal of stocks of affiliated companies	22	—	-22
Loss on disposition of fixed assets	191	1	-189
Increase/decrease of sales credits (Increase : -)	-2,202	4,254	6,457
Increase/decrease of inventory assets (Increase : -)	12	21	9
Increase/decrease of accrued revenue (Increase: -)	-40	-37	2
Increase/decrease of other current assets (Increase: -)	-33	135	169
Increase/decrease of accounts payable (Decrease: -)	2,783	-1,703	-4,487
Increase/decrease of accrued amount payable (Decrease: -)	-206	-559	-352
Increase/decrease of accrued expenses (Decrease: -)	-111	-739	-627
Increase/decrease of accrued consumption tax (Decrease: -)	104	-205	-310
Increase/decrease of advances by customers (Decrease: -)	2,036	631	-1,404
Increase/decrease of other current liabilities (Decrease: -)	32	-514	-546
Others	-33	-43	-9
Sub Total	28,888	29,174	285
Interest and dividends received	11	56	44
Amount paid for interest	-11	-15	-3
Corporation and other taxes paid	-13,234	-9,400	3,833
Amount paid for special retirement program	-1,515	-27	1,487
Total cash flow from business activities	14,138	19,787	5,649
II. Cash flow from investment activities			
Amounts paid for acquisition of marketable securities	-54,036	-79,823	-25,786
Income from sales of marketable securities	1,481	—	-1,481
Income from redemption of marketable securities	6,497	70,273	63,775
Amounts paid for acquisition of tangible fixed assets	-288	-829	-540
Amounts paid for acquisition of intangible fixed assets	-1	-5	-4
Amounts paid for acquisition of invested securities	-52	-127	-74
Income from sales of invested securities	245	4	-240
Proceed from recovered loans	5,000	—	-5,000
Amounts paid as deposit money	-42	-16	26
Income from returned deposit money	529	615	85
Others	0	6	6
Total cash flow from investment activities	-40,667	-9,902	30,765
III. Cash flow from financial activities			
Amounts paid for acquisition of treasury stock	-2,648	-2,957	-309
Income from disposition of treasury stock	—	5	5
Amount paid for dividends	-12,149	-14,034	-1,884
Total cash flow from financial activities	-14,797	-16,985	-2,188
IV. Increase/Decrease in cash and cash equivalents (Decrease: -)	-41,326	-7,100	34,226
V. Balance of cash and cash equivalents at the beginning of term	75,996	34,669	-41,326
VI. Blance of cash and cash equivalents at the end of term	34,669	27,569	-7,100

(4) Proposed Appropriation of Retained Earnings

(Unit: million Yen)

Item \ Term		Previous term (From June 1, 2002 to May 31, 2003)	Current term (From June 1, 2003 to May 31, 2004)	Change
I	Unappropriated retained earnings at year-end	23,895	25,913	2,017
II	Disposition of voluntary reserve			
	Release from reserve for special depreciation	29	27	-2
III	These profits are allocated as follows:			
1.	Dividends	9,558	11,426	1,867
	(per share)	(75Yen)	(90Yen)	
2.	Bonuses paid to directors	23	88	65
3.	Bonuses paid to auditors	1	1	-
IV	Earned surplus carried forward	14,341	14,425	83

[Significant Accounting Policies]

Term / Item	Previous term (From June 1, 2002 to May 31, 2003)	Current term (From June 1, 2003 to May 31, 2004)
1.Valuation standard and method applied to negotiable securities	(1) Investments in affiliated companies: At cost method based on moving average method (2) Held-maturity securities: Amortized cost method (3) Other securities Quoted securities: At current value method based on fair market value, etc., at fiscal year end. (Valuation variance is recorded in the category of shareholder's equity with unrealized gains and losses included in accumulated other comprehensive income (loss) and net of taxes. Cost of sales was calculated using the moving average method.) Non-quoted securities: At cost method based on moving average method. (Change in the accounting method) Formerly, subsidiaries' shares and other securities without fair market value were stated at the weighted average cost. However, the moving averages method is used from the current period. The cost of other securities with fair market value sold was formerly calculated by the weighted average cost method, but the moving averages method is employed from the current period. This alteration is intended to quickly and appropriately understand the security trading profit and loss. This change does not affect the amount of profits or losses.	(1) Investments in affiliated companies: Same as the left (2) Held-maturity securities: Same as the left (3) Other securities Quoted securities: Same as the left Non-quoted securities: Same as the left
2. Valuation standard and method applied to inventory assets	Commodities: At cost method based on periodic average method by month	Commodities: Same as the left

Term / Item	Previous term (From June 1, 2002 to May 31, 2003)	Current term (From June 1, 2003 to May 31, 2004)
3. Depreciation method applied to fixed assets	(1) Tangible fixed assets Building fixtures: At fixed percentage method Appliances and equipment Computer hardware: At fixed amount method Others: At fixed percentage method The useful life of major items are as follows: Building fixtures: 8 to 15 years Appliances and equipment Personal computers: 2 years Servers: 3 years Others: 5 to 8 years (2) Intangible fixed assets: At fixed amount method Based on an in-house estimated available period (5 years) for software for in-house use.	(1) Tangible fixed assets Building fixtures: Same as the left Appliances and equipment Computer hardware: Same as the left Others: Same as the left The useful life of major items are as follows: Building fixtures: 8 to 15 years Appliances and equipment Personal computers: 2 years Servers: 3 years Others: 5 to 8 years (2) Intangible fixed assets: Same as the left
4. Accounting of reserve	1) Reserve for uncollectible receivables To be prepared for losses generated by debts that become irrecoverable, the estimated cost of irrecoverable claims included in general claims are summed up by using the actual percentage of credit losses, and the estimated irrecoverable cost of specific claims such as claims suspected of being irrecoverable are summed up in consideration of the possibility of collection on an individual claim basis. (2) Reserve for bonus payable To be prepared for payment of bonus to employees, liabilities related to the estimated amount of bonus payment for the current term.	(1) Reserve for uncollectible receivables Same as the left (2) Reserve for bonus payable Same as the left
5. Revenue recognition policy	As to consulting service revenue and part of software product revenue, the company accounts for them on the percentage of completion basis.	Same as the left
6. Scope of the fund in the statement of cash flows	The fund in the statement of cash flows, consisting of cash and cash equivalents, consists of cash on hand, deposits that can be withdrawn without notice and short-term investments that are easily convertible, that mature within three months of the date of acquisition and that have a slight risk of a fluctuation in value.	Same as the left

Term / Item	Previous term (From June 1, 2002 to May 31, 2003)	Current term (From June 1, 2003 to May 31, 2004)
7. Other important remarks	(1) Accounting of consumption tax, etc. Based on pre-tax method (2) Accounting standards regarding the reversal of treasury stocks and legal reserves From this term, the company is adopting "Accounting Standards regarding Reversal of Treasury Stocks and Legal Reserves" (Corporate Accounting Standards No.1). This change has only a minor effect on profit and loss. Due to the revision to the regulations for financial statements, the shareholders' equity section in the balance sheet for the current term is prepared based on the revised regulations for financial statements. (3) Accounting standards regarding current net earnings per share From this term, the company is adopting "Accounting Standard regarding Net Earnings per Share" (Corporate Accounting Standards No.2) and "Guidelines for Application of the Accounting Standard regarding Net Earnings per Share" (Guidelines for Application of Corporate Accounting Standards No. 4).	Accounting of consumption tax, etc. Based on pre-tax method — —

[Changes in the accounting method]

Previous term end (as of May 31, 2003)	Current term end (as of May 31, 2004)
(Standard for posting support services revenue) Formerly, the dates on which reports arrived from partners were applied as the standard for calculating the revenue for customer support in indirect sales. From the current period, customer support revenue is accounted proportionally divided by the period when customer support is offered. Given that the provision of customer support occurs throughout the period, this change is intended to ensure adequate periodic profits and losses. The effect of this change is minor.	—

[Changes in notation]

Previous term end (as of May 31, 2003)	Current term end (as of May 31, 2004)
—	(Related to the statement of income) Additions to tax “Additions to tax” in the amount of ¥1,000,000 is included in the item “Others”, since the amount of the “Additions to tax” of the current term decreased to below ten-hundredth of the total amount of the non-operating loss of the current term. “Additions to tax” was calculated and specified as a separate item in the previous term.

Notes

(Related to the balance sheet)

Item \ Term	Previous term end (as of May 31, 2003)	Current term end (as of May 31, 2004)
*1. Accumulated depreciation for tangible fixed assets	4,074 million yen	4,368 million yen
*2. Number of authorized shares and total number of outstanding shares	Number of authorized shares 512,770,000 shares Total number of outstanding shares 128,194,662 shares If any shares issued and outstanding are redeemed by the Company, the above aggregate number of shares shall be reduced by the corresponding number of the redeemed shares accordingly.	Number of authorized shares 512,770,000 shares Total number of outstanding shares 128,194,662 shares Same as the left
*3. Treasury stock	Treasury stock which the company holds is 744,116 common stocks	Treasury stock which the company holds is 1,239,045 common stocks.
4. Dividend payment restriction	Following a valuation based on the market value stipulated in the Article 124, Paragraph 3 of the enforcement regulations for the Commercial Code, increase in net assets is 49 million yen.	Following a valuation based on the market value stipulated in the Article 124, Paragraph 3 of the enforcement regulations for the Commercial Code, increase in net assets is 332 million yen.

(Related to the statement of income) (Unit: million Yen)

Item \ Term	Previous term (from June 1, 2002 to May 31, 2003)		Current term (from June 1, 2003 to May 31, 2004)	
*1. Amount of transactions with affiliated companies	Interest paid	12	Interest paid	5
*2. Breakdown of loss on disposition of fixed assets	Loss on disposition of building and equipments	137	Loss on disposition of building and equipments	0
	Loss on disposition of furniture and fixtures	53	Loss on disposition of furniture and fixtures	0
	Total	191	Total	1
*3.	"Loss on expenses for special retirement program" is mainly special retirement payments and support expenses according to "next career program", which the company supports that a employee, whose seeks another career outside the company, changes his employment.		—	
*4.	" Loss on expenses for office consolidation " is expenses for restoration construction according to the office consolidation.		" Loss on expenses for office consolidation " is expenses for restoration construction according to the office consolidation.	

(Related to the statement of cash flows) (Unit: million Yen)

Item \ Term	Previous term (from June 1, 2002 to May 31, 2003)		Current term (from June 1, 2003 to May 31, 2004)	
Relationship between the term end balance of cash and cash equivalents and the amount of items indicated in the balance sheet	(as of May 31, 2003) Balance of Cash and cash equivalents	34,669	(as of May 31, 2004) Balance of cash and cash equivalents	27,569
	Cash and cash equivalent	34,669	Cash and cash equivalent	27,569

1. Lease transactions (Unit: million Yen)

Item \ Term	Previous term (from June 1, 2002 to May 31, 2003)		Current term (from June 1, 2003 to May 31, 2004)	
Operating lease transactions	Ongoing lease charges		Ongoing lease charges	
	Within a year	0	Within a year	3
	Over a year	-	Over a year	4
	Total	0	Total	7

2. Securities

Previous term（As of May 31, 2003）

1.Stocks of subsidiary companies with a market value

Not applicable

2.Bonds to be held by maturity date with market prices (Unit: million yen)

	Category	Amount recorded on the balance sheet	Market value	Difference
Those whose market value is higher than the amount recorded on the balance sheet	(1) Government and local government bond	—	—	—
	(2) Corporate bonds	4,258	4,258	0
	(3) Others	1,149	1,149	0
	Subtotal	5,407	5,407	0
Those whose market value is higher than the amount recorded on the balance sheet	(1) Government and local government bond	—	—	—
	(2) Corporate bonds	3,003	3,003	-0
	(3) Others	—	—	—
	Subtotal	3,003	3,003	-0
Total		8,411	8,411	0

3. Other securities at market prices (Unit: million yen)

	Category	Cost for acquisition	Amount recorded on the balance sheet	Difference
Those whose amounts recorded on the balance sheet are higher than the acquisition cost	(1) Stocks	143	227	84
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	143	227	84
Those whose amounts recorded on the balance sheet are lower than the acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		143	227	84

4. Other securities disposed of during the term (from June 1, 2002 to May 31, 2003) (Unit: million yen)

Amount disposed of	Total profit from disposition	Total loss from disposition
1,727	173	18

5. Content of main marketable securities without a market value (Unit: million yen)

	Amount recorded on the balance sheet
1.Bonds to be held by maturity date Commercial paper	42,097
2.Other marketable securities Unlisted stocks (excluding OTC stocks)	257

6. Estimated redemptions of other marketable bonds to be held by maturity date (Unit: million yen)

	Within 1 year	1 to 5 years	5 to 10 years	10 years and over
Bonds				
(1) Government and local government bond	-	-	-	-
(2) Corporate bonds	7,250	-	-	-
(3) Others	43,223	-	-	-
Total	50,473	-	-	-

Current term（As of May 31, 2004）

1.Stocks of subsidiary companies with a market value

Not applicable

2.Bonds to be held by maturity date with market prices (Unit: million yen)

	Category	Amount recorded on the balance sheet	Market value	Difference
Those whose market value is higher than the amount recorded on the balance sheet.	(1) Government and local government bond	—	—	—
	(2) Corporate bonds	1,426	1,426	0
	(3) Others	—	—	—
	Subtotal	1,426	1,426	0
Those whose market value is higher than the amount recorded on the balance sheet.	(1) Government and local government bond	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		1,426	1,426	0

3. Other securities with market prices (Unit: million yen)

	Category	Cost for acquisition	Amount recorded on the balance sheet	Difference
Those whose amounts recorded on the balance sheet are higher than the acquisition cost	(1) Stocks	143	704	560
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	143	704	560
Those whose amounts recorded on the balance sheet are lower than the acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		143	704	560

4. Other securities disposed of during the term (from June 1, 2003 to May 31, 2004) (Unit: million yen)

Amount disposed of	Total profit from disposition	Total loss from disposition
4	—	—

5. Content of main marketable securities without a market value (Unit: million yen)

	Amount recorded on the balance sheet
1. Bonds to be held by maturity date	
Commercial paper	58,595
Certificate of Deposit	3,999
2.Other marketable securities	
Unlisted stocks (excluding OTC stocks)	364

6. Estimated redemptions of other marketable bonds to be held by maturity date (Unit: million yen)

	Within 1 year	1 to 5 years	5 to 10 years	10 years and over
Bonds				
(1) Government and local government bond	-	-	-	-
(2) Corporate bonds	1,416	-	-	-
(3) Others	62,600	-	-	-
Total	64,016	-	-	-

3. Derivative transactions

Previous term (from June 1, 2002 to May 31, 2003)	Current term (from June 1, 2003 to May 31, 2004)
Not applicable as our Company does not use derivative transactions at all.	Same as the left

4.Retirement pensions

Previous term (as of May 31, 2003)

1. Summary of adopted retirement pensions scheme
   Company adopt defined contribution-type pension plan from January 2002.

2. Items relating to employee retirement benefit expenses this term
   The amount of assets transferred to the defined contribution pension is 306 million yen.
   Special retirement payment 1,429 million yen was accounted for including "Loss on expenses for special retirement program 1,542million yen" in the part of Extraordinary expenses

Current term (as of May 31, 2004)

1. Summary of adopted retirement pensions scheme
   Company adopt defined contribution-type pension plan from January 2002.

2. Items relating to employee retirement benefit expenses this term
   The amount of assets transferred to the defined contribution pension is 273 million yen.

5.Tax effect accounting

1. Breakdown of deferred tax assets/liabilities by main causes

(Unit: million yen)

Previous term (as of May 31, 2003)		Current term (as of May 31, 2004)	
(Current)		(Current)	
Deferred tax assets		Deferred tax assets	
Account receivables	101	Account receivables	189
Account payables	157	Account payables	290
Accrued business tax	344	Accrued business tax	551
Deferred income	510	Deferred income	131
Allowance for bonus payable	448	Allowance for bonus payable	316
Others	68	Others	40
Total deferred tax assets	1,629	Total deferred tax assets	1,519
Deferred tax liabilities			
Others	-28		
Total deferred tax liabilities	-28		
Net deferred tax assets	1,601		
(Fixed)		(Fixed)	
Deferred tax assets		Deferred tax assets	
Depreciation surplus	447	Depreciation surplus	442
Loss on valuation of invested securities	204	Loss on valuation of invested securities	201
Others	213	Others	143
Total deferred tax assets	866	Total deferred tax assets	788
Deferred tax liabilities		Deferred tax liabilities	
Extraordinary depreciation reserve	-86	Extraordinary depreciation reserve	-64
Others	-34	Appraisal loss and gain from other securities	-228
Total deferred tax liabilities	-120	Total deferred tax liabilities	-292
Net deferred tax assets	746	Net deferred tax assets	495

2. Breakdown by main items of the difference between the legal effective tax rate and the burden rate of corporation tax, etc. after application of tax effect accounting.

A breakdown by main items of the difference between the legal effective tax rate and the burden rate of corporation tax, etc. after application of tax effect accounting has been excluded as the difference is less than 5/100 of the legal effective tax rate.

6. Loss/Gain on equity method

Previous term (from June 1, 2002 to May 31, 2003)	Current term (from June 1, 2003 to May 31, 2004)
Not applicable	Not applicable

7. Transactions with related bodies

Previous term（from June 1, 2002 to May 31 2003）

Sister companies, etc.

Attributes	Corporate name	Address	Capital or investment	Scope of business or occupation	Ratio of voting and other rights in possession (or being possessed)	Relationship		Description of transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
						Double role of directors	Business relationship				
Subsidiary of parent company	Oracle International Corporation	California, U.S.A.	-	Holding and management of intellectual property rights	None	1 director	Conclusion of sales agency agreements	Payment of royalties	23,961	Accounts payable	6,703

(Notes) Transaction conditions and policies for determining them

1. Royalty fees are charged at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and group companies that handle Oracle products, including our Company, using uniform standards.
2. The above transaction amount does not include consumption and other taxes.

Current term（from June 1, 2003 to May 31 2004）

Sister companies, etc.

Attributes	Corporate name	Address	Capital or investment	Scope of business or occupation	Ratio of voting and other rights in possession (or being possessed)	Relationship		Description of transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
						Double role of directors	Business relationship				
Subsidiary of parent company	Oracle International Corporation	California, U.S.A.	-	Holding and management of intellectual property rights	None	1 director	Conclusion of sales agency agreements	Payment of royalties	24,828	Accounts payable	6,832

(Notes) Transaction conditions and policies for determining them

1. Royalty fees are charged at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and group companies that handle Oracle products, including our Company, using uniform standards.
2. The above transaction amount does not include consumption and other taxes.

5. Change of directors and auditors

( ): Current Position

(1) Change of the representative director

None

(2) Directors to be retired (as of June 26, 2004)

Kenji Yamamoto (Executive advisor)

(3) Other change of directors and auditors

The Company will disclose when it's possible.